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*Andrew M. Bateman*  
*Counsel for ORS*

January 16, 2018

**VIA ELECTRONIC FILING**

Jocelyn G. Boyd, Esquire  
Chief Clerk & Administrator  
Public Service Commission of South Carolina  
101 Executive Center Drive, Suite 100  
Columbia, South Carolina 29210

Re: Annual Review of Base Rates for Fuel Costs for South Carolina Electric & Gas Company  
**Docket No. 2017-2-E**

Dear Ms. Boyd:

By this letter, the South Carolina Office of Regulatory Staff ("ORS") hereby notifies the Public Service Commission of South Carolina ("Commission") that ORS has reviewed and does not object to the request submitted by South Carolina Electric & Gas Company ("SCE&G" or "Company") on December 22, 2017, in the above referenced Docket.

The Company requested that the Commission grant a waiver of the requirement in Commission Order No. 2017-246 to update SCE&G's PR-2 Rate twice a year. If the Company's request is granted, the next update to its Rate PR-2 would occur as part of the Annual Review of Base Rates for Fuel Costs in Docket No. 2018-2-E. According to its filing, the Company is planning to implement changes to certain aspects of its avoided cost calculation. For example, the Company stated that it intends to use an intermittent, non-dispatchable, source of capacity to perform its difference in revenue requirement analysis. The Company believes that this, and other changes, would be more appropriately considered in the annual fuel proceeding.

Jocelyn G. Boyd, Esquire

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Page 2 of 2

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ORS reserves its right to review and respond upon the Company's avoided cost methodology and calculations during the upcoming Annual Review of Base Rates for Fuel Costs for SCE&G in Docket No. 2018-2-E.

Sincerely,



Andrew M. Bateman

cc: K. Chad Burgess, Esquire (Via E-mail)  
Benjamin L. Snowden, Esquire (Via E-mail)  
Benjamin P. Mustian, Esquire, (Via E-mail)  
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